

February 15, 2007

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

Re: Case No. 2000-129

Dear Ms. O'Donnell:

As part of the Order issued by the Commission in the above referenced case, Columbia Gas of Kentucky was required to file certain information on August 15, 2000 and quarterly or semi-annually thereafter. Please find the information attached hereto.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

cc: Anita Mitchell

**BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED JUNE 30, 2000**

From the Order at Page B-6, Item 1:

On a quarterly basis, Columbia Energy Group should file a report detailing the proportionate share Columbia of Kentucky (CKY) has in Columbia Energy Group's (CEG) total operating revenues, operating and maintenance expense, and number of employees.

Response:

See Attached

Columbia Energy Group and Columbia of Kentucky
Proportionate Shares
For the Quarter Ended December 31, 2006

| | <u>Columbia of Kentucky</u> | | <u>Columbia Energy Consolidated</u> | | <u>NiSource Inc.</u> | |
|--|-----------------------------|--------------------|-------------------------------------|--------------------|----------------------|---------------------|
| Gross Revenue | \$ | 167,702 2.24% | \$ | 3,685,144 49% | \$ | 7,490,079 100% |
| Operating & Maintenance Expenses | \$ | 26,615 1.92% | \$ | 803,019 58% | \$ | 1,389,477 100% |
| Employees | | 130 1.75% | | 3,334 45% | | 7,439 100% |

**BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED JUNE 30, 2000**

From the Order at Page B-6, Quarterly Item 2:

A report listing the number of employees of Columbia Energy and each subsidiary on the basis of payroll assignment.

Response:

See attached.

Columbia Energy Group

Subsidiary Staffing

As of December 31, 2006

| | TOTAL |
|----------------------------------|-------|
| Columbia Gas of Kentucky Inc | 130 |
| Columbia Gas of Ohio Inc | 980 |
| Columbia Gas of Maryland Inc | 42 |
| Columbia Gas of Pennsylvania Inc | 474 |
| Columbia Gas of Virginia Inc | 218 |
| Columbia Gulf Transmission Co | 253 |
| Columbia Gas Transmission Corp | 1,235 |
| CNS Microwave Inc | 2 |
| GRAND TOTAL | 3,334 |

BEFORE THE PUBLIC-SERVICE COMMISSION OF KENTUCKY
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED JUNE 30, 2000

From the Order at pages 13 and 25:

Columbia Energy should file a schedule of its actual acquisition costs to date, including any costs allocated to it by NiSource, at the level of detail shown in response to Item 5(a) of the Commission's May 22, 2000 Order. Columbia Energy should identify any costs allocated to a subsidiary or affiliate, provide the name of the subsidiary or affiliate and the accounting entries made on its books, and identify the basis for the allocation.

Response:

No additional costs have been incurred since the last report.

**BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED JUNE 30, 2000**

From the Order at Page 22:

Columbia of Kentucky should file its most recent SMRI reports with the Commission on a semi-annual basis.

Response:

The Fourth Quarter 2006 report is attached.

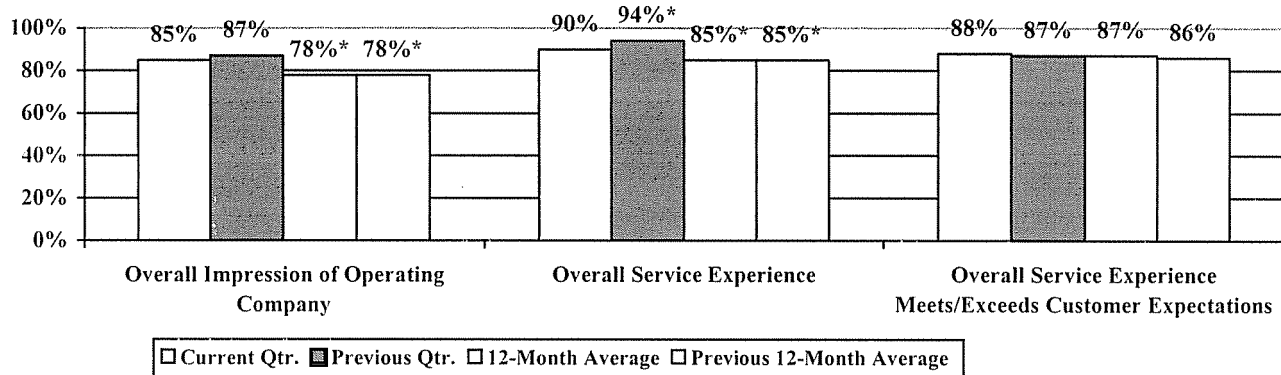
CKY PHONE STATS
January - December 2006

| Month 12 months ending 12-31-2006 | Calls Accepted in ACD | Calls Answered | % of Calls Answered in 30 Seconds or Less | Avg. Speed of Answer (Seconds) | Longest Wait (Seconds) | Average Handle Time | Calls Abandoned | % of Abandoned Total Calls |
|-----------------------------------|-----------------------|----------------|---|--------------------------------|------------------------|---------------------|-----------------|----------------------------|
| Jan-06 | 30,863 | 29,493 | 72.03% | 46.72 | 597 | 223 | 1,370 | 4.44% |
| Feb | 23,713 | 23,210 | 79.47% | 20.64 | 597 | 241 | 503 | 2.12% |
| Mar | 23,671 | 23,198 | 80.59% | 21.02 | 891 | 252 | 473 | 2.00% |
| Apr | 16,568 | 16,469 | 93.82% | 5.91 | 506 | 227 | 99 | 0.60% |
| May | 18,323 | 18,054 | 84.08% | 14.17 | 420 | 212 | 269 | 1.47% |
| June | 16,512 | 16,362 | 89.73% | 10.55 | 478 | 202 | 150 | 0.91% |
| July | 15,633 | 15,436 | 86.61% | 12.97 | 871 | 199 | 197 | 1.26% |
| August | 17,092 | 16,855 | 83.40% | 15.39 | 417 | 205 | 237 | 1.39% |
| September | 15,364 | 15,136 | 83.78% | 15.95 | 427 | 201 | 228 | 1.48% |
| October | 19,486 | 19,227 | 82.20% | 16.05 | 515 | 222 | 259 | 1.33% |
| November | 16,248 | 16,060 | 85.02% | 14.12 | 552 | 210 | 188 | 1.16% |
| December | 15,086 | 14,923 | 84.77% | 14.60 | 420 | 203 | 163 | 1.08% |
| TOTAL | 228,559 | 224,423 | | | average | average | 4,136 | |
| AVG | 19,047 | 18,702 | 83% | 19.27 | 558 | 219 | 345 | 1.81% |

-- Columbia Gas of Kentucky --

Primary Measures of Service Quality

(Percent Rating "6" of Higher on Ten-Point Scale)



Key Drivers of Satisfaction with Overall Service Experience

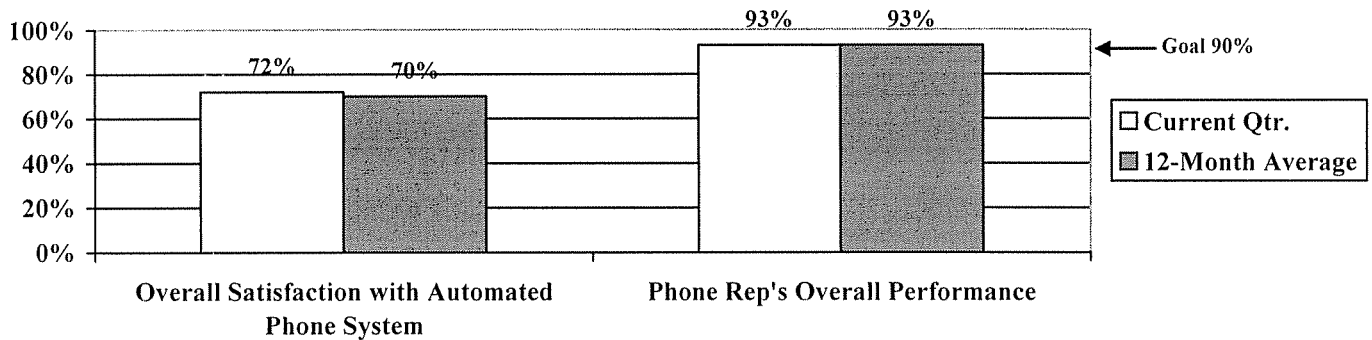
| Columbia Gas of Kentucky | | Change | | |
|---|--------------|------------------|---------------|------------------|
| | Current Qtr. | 12-Month Average | Previous Qtr. | 12-Month Average |
| Phone rep showing concern for customer's situation | 87% | 90% | -6%* | -3% |
| Overall service experience meeting or exceeding customer expectations | 88% | 87% | 1% | 2% |
| Overall ease of contacting company to discuss situation | 89% | 86% | 8%* | 2% |
| Phone rep having necessary authority to make decisions | 84% | 90%* | -8%* | -6% |
| Amount of time it took to complete transaction on IVRU | 91% | 80% | 7% | 10% |
| Variety of services and information offered on IVRU | 92% | 85%* | 7%* | 8% |

Percentage of Customers Rating "6" or Higher on Ten-Point Scale (unless otherwise noted)

* Indicates a statistically significant difference from current quarter at 95% confidence level.

Overall Satisfaction with Telephone Service

(Percent Rating "6" or Higher on Ten-Point Scale)



Automated Telephone System/Access to Reps

| | Current Qtr. | Change from Previous Quarter |
|---|--------------|------------------------------|
| Variety of services and information offered | 92% | 7%* |
| Ease of understanding menu options and directions | 93% | 12%* |
| Amount of time took to get to desired menu option | 84% | 6%* |
| Time to complete automated transaction | 91% | 7% |
| Overall ease of contacting company | 89% | 8%* |
| Amount of time spent waiting | 76% | 0% |

Telephone Rep Service

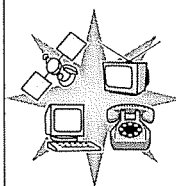
| | Current Qtr. | Change from Previous Quarter |
|--------------------------------------|--------------|------------------------------|
| Being courteous and professional | 95% | -1% |
| Treating you as respected customer | 93% | -1% |
| Showing interest and concern | 87% | -6%* |
| Displaying skill and knowledge | 93% | 0% |
| Adequately answering questions | 94% | -1% |
| Understanding purpose of call | 93% | 0% |
| Having authority to make decisions | 84% | -8%* |
| Handling request quickly/efficiently | 91% | -3% |

Percent rating "6" or higher on ten-point scale



Percentage of Cases Resolved with One Call

| Current Qtr. | 12-Month Average |
|--------------|------------------|
| 68% | 72% |

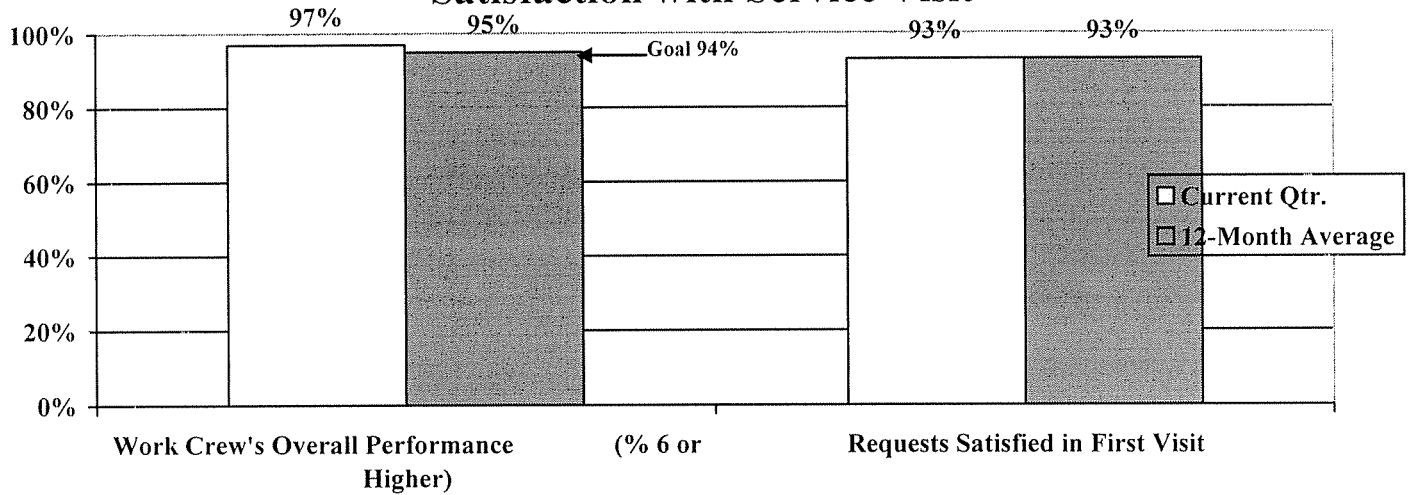


Percent Rating Phone Service as Better/Same as Peer Utilities

| Current Qtr. | 12-Month Average |
|--------------|------------------|
| 81% | 81% |

* Indicates a statistically significant difference from current quarter at 95% confidence level.

Satisfaction with Service Visit



Scheduling Service Visit

| | Current Qtr. | Change from Previous Quarter |
|--|--------------|------------------------------|
| Scheduling to meet customer needs | 93% | 5% |
| Telling you when work would take place | 94% | 2% |
| Work crew arriving on time | 97% | -1% |

Percent rating "6" or higher on ten-point scale

Work Crew Performance

| | Current Qtr. | Change from Previous Quarter |
|---|--------------|------------------------------|
| Being pleasant and courteous | 97% | 1% |
| Displaying skill and knowledge | 98% | 1% |
| Taking time to explain work | 97% | 0% |
| Adequately answering questions | 97% | 0% |
| Being informed about your request | 97% | 1% |
| Performing work quickly and efficiently | 98% | 1% |
| Leaving work area neat and clean | 96% | -3%* |

| | | | | | |
|--|---|-------------------------|--|--|-------------------------|
| | Field Service Rep/Work Crew Displaying Skill and Knowledge | | | Percent Rating Service Visit as Better/Same as Peer Utilities | |
| | <u>Current Qtr.</u> | <u>12-Month Average</u> | | <u>Current Qtr.</u> | <u>12-Month Average</u> |
| | 98% | 97% | | N/A | N/A |

* Indicates a statistically significant difference from current quarter at 95% confidence level.

**BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED JUNE 30, 2000**

From the Order at Page 25, Item 11:

The Applicants should file semi-annually a report detailing the adoption and implementation of best practices at Columbia of Kentucky. The report should be filed 45 days after the close of the reporting period.

Response:

Columbia's parent, NiSource, Inc., announced on June 21, 2005 that it had entered into a definitive agreement for IBM to provide a broad range of business transformation and outsourcing services to NiSource and its operating subsidiaries. IBM service delivery began on July 1, 2005. The 10-year agreement is estimated to cost \$1.6 billion in service fees to IBM and deliver gross savings upwards of \$530 million in operating and capital costs across the NiSource companies. This cost savings is dependent upon many factors, and unanticipated changes in operations may cause actual cost savings to be substantially less than expected. In August, 2006, NiSource and IBM decided to delay further implementation of certain information technology systems beyond January 1, 2007 due to difficulties encountered with the first wave of new system implementations. This delay may decrease the level of projected operating cost savings while continuing to ensure stable operations. A high-level team of NiSource and IBM resources have been assigned to reassess some of the systems and processes involved to ensure a successful implementation.

In 2006, Columbia began a program of monthly telephone conferences between our operations field leaders and the customer contact center located in Smithfield, PA. The purpose of the program is to identify and resolve issues related to both system-wide and customer specific problems. This program is in addition to daily communication that occurs on specific issues and is designed to promote a sharing of knowledge and information for improved customer service.

**BEFORE THE PUBLIC-SERVICE COMMISSION OF KENTUCKY
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED JUNE 30, 2000**

From the Order at pages 13 and 25 (#15):

NiSource should file a schedule of its actual acquisition costs to date, at the level of detail shown in response to Item 18(a) of the Commission's May 10, 2000 Order. NiSource should specifically identify any costs allocated to Columbia Energy.

Response:

No additional costs have been incurred since the last report.

**BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2000-129
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION
IN ORDER DATED DECEMBER 31, 2000**

From the Order at Page B-6:

Twelve-month income statements and balance sheets. CKY will separately report Kentucky jurisdictional operations and other jurisdictional operations.

Response:

- a. CEG Consolidated Income Statement, twelve-month ended December 31, 2006

See attached

- b. CEG Consolidated Balance Sheet, as of December 31, 2006

See attached

- c. CKY Income Statement, twelve-month ended December 31, 2006

See attached

- D. CKY Balance Sheet, as of December 31, 2006

See attached

Columbia Energy Group and Subsidiaries
Rolling 12-Month Income Statement
For Period Ended December 31, 2006

| | <u>December 2006</u> |
|---|----------------------|
| Net Revenues | |
| Gas distribution | 2,630,966.4 |
| Gas Transportation and Storage | 939,009.6 |
| Other products and services | 115,168.0 |
| Gross Revenues | 3,685,144.0 |
| Cost of sales | 1,921,476.5 |
| Total Net Revenues | <u>1,763,667.5</u> |
| Operating Expenses | |
| Operation and maintenance | 803,018.8 |
| Depreciation, Depletion, & Amortization | 196,685.0 |
| Loss (gain) on sale or impairment of assets | 130.6 |
| Other Taxes | 179,817.0 |
| Total Operating Expenses | 1,179,651.5 |
| Equity Earnings in Unconsolidated Affiliates | <u>(12,265.2)</u> |
| Operating Income | <u>571,750.7</u> |
| Other Income (Deductions) | |
| Interest expense, net | (67,573.9) |
| Other, Net | 9,159.7 |
| Gain (Loss) Early Ext Lt Debt | - |
| Total Other Income (Deductions) | <u>(58,414.3)</u> |
| Income from Continuing Operations before Tax | 513,336.5 |
| Income Taxes | 188,422.1 |
| Income from Continuing Operations | <u>324,914.4</u> |
| Inc (Loss) from Discon Oper - Net of Tax | (28,430.0) |
| Gain/Loss - Disp of Disc Op - Net Tax | (330.9) |
| Change in Accounting - Net of Taxes | 99.5 |
| Net Income | <u>296,253.0</u> |

Columbia Energy Group and Subsidiaries
Balance Sheet
ended December 31, 2006

December 2006

ASSETS

Property, Plant and Equipment

| | |
|--|--------------------|
| Utility Plant | 8,937,551.5 |
| Accumulated Depreciation and Amortization | (3,958,019.1) |
| <u>Net Utility Plant</u> | <u>4,979,532.3</u> |
| Other property at cost less accum deprec | 7,484.6 |
| <u>Net Property, Plant and Equipment</u> | <u>4,987,017.0</u> |
| Assets of Discontinued Operations & Assets Held for Sale | 12,390.5 |
| Unconsolidated Affiliates | 42,187.3 |
| Other Investments | 57,590.7 |
| <u>Total Investments</u> | <u>112,168.6</u> |
| Cash and Cash Equivalents | 10,162.5 |
| Restricted Cash | 43,016.2 |
| Accounts Receivable - Unaffiliated | 327,896.8 |
| Accounts Receivable - Affiliated | 130,989.0 |
| Unbilled Revenue | 114,986.2 |
| Gas Inventory | 329,608.6 |
| Underrecovered gas and fuel costs | 127,023.6 |
| Materials and Supplies, at Average Cost | 19,641.1 |
| Price Risk Management Assets (Current) | 68,317.0 |
| Exchange gas receivable | 193,853.2 |
| Current regulatory assets | 178,430.9 |
| Prepayments and Other | 79,678.7 |
| <u>Total current assets</u> | <u>1,623,603.7</u> |
| Price Risk Management Assets (Noncurrent) | 42,194.1 |
| Noncurrent regulatory assets | 432,021.5 |
| Intangible assets, less accum amort | - |
| Deferred charges | 111,330.2 |
| <u>Total Other Assets</u> | <u>585,545.7</u> |
| <u>Total Assets</u> | <u>7,308,335.0</u> |

CAPITALIZATION and LIABILITIES

Columbia Energy Group and Subsidiaries
Balance Sheet
ended December 31, 2006

| | <u>December 2006</u> |
|---|---------------------------|
| Capitalization | |
| Common stock | 0 0 |
| Additional paid-in capital | 1,413,118 1 |
| Retained earnings | 1,300,720 2 |
| Accum other compr income(loss) & other common stock equity | 63,638 0 |
| Total common stock equity | 2,777,476 3 |
| Long-term debt, excluding amounts due within one year | 1,280,335 6 |
| <u>Total capitalization</u> | <u>4,057,811.9</u> |
| Current portion of long-term debt | 396 9 |
| Accounts Payable - Unaffiliated | 371,071 7 |
| Accounts Payable - Affiliated | 90,370 4 |
| Customer deposits | 33,525 9 |
| Taxes accrued | 152,989 0 |
| Interest accrued | 4,504 2 |
| Overrecovered gas & fuel costs | 15,101 2 |
| Price risk management liabilities (current) | 20,195 8 |
| Exchange gas payable | 394,113 7 |
| Current deferred revenue | 42,055 1 |
| Current regulatory liabilities | 37,007 1 |
| Accrued liability for postretirement and postemployment benefits-current | 1,613 7 |
| Other Accruals | 414,308 6 |
| <u>Total current liabilities</u> | <u>1,577,253.3</u> |
| Price Risk Management Liabilities (noncurrent) | 5,753 9 |
| Deferred income taxes | 860,873 2 |
| Deferred investment tax credits | 22,665 7 |
| Deferred credits | 50,688 9 |
| Noncurrent deferred revenue | 21,896 1 |
| Accrued liability for postretirement and postemployment benefits-noncurrent | 196,134 0 |
| Noncurrent regulatory liabilities | 357,379 3 |
| Asset Retirement Obligations | 50,817 8 |
| Other noncurrent liabilities | 107,061 0 |
| <u>Total noncurrent liabilities</u> | <u>1,673,269.9</u> |
| <u>Total capitalization & liabilities</u> | <u>7,308,335.0</u> |

**Columbia Gas of Kentucky, Inc.
Rolling 12-Month Income Statement
For Period Ended December 31, 2006**

| | <u>December 2006</u> |
|---|----------------------|
| Net Revenues | |
| Gas distribution | 151,979.4 |
| Gas Transportation and Storage | 14,644.6 |
| Other products and services | 1,077.9 |
| Gross Revenues | 167,701.9 |
| Cost of sales | 118,011.8 |
| <u>Total Net Revenues</u> | <u>49,690.1</u> |
| Operating Expenses | |
| Operation and maintenance | 26,614.6 |
| Depreciation, Depletion, & Amortization | 5,348.0 |
| Loss (gain) on sale or impairment of assets | (6.7) |
| Other Taxes | 2,255.6 |
| Total Operating Expenses | 34,211.5 |
| <u>Equity Earnings in Unconsolidated Affiliates</u> | <u>=</u> |
| <u>Operating Income</u> | <u>15,478.5</u> |
| Other Income (Deductions) | |
| Interest expense, net | (2,682.8) |
| Other, Net | 518.7 |
| <u>Total Other Income (Deductions)</u> | <u>(2,164.1)</u> |
| Income from Continuing Operations before Tax | 13,314.5 |
| Income Taxes | 4,861.4 |
| <u>Income from Continuing Operations</u> | <u>8,453.0</u> |
| <u>Net Income</u> | <u>8,453.0</u> |

**Columbia Of Kentucky Consolidated
Balance Sheet
ended December 31, 2006**

| | <u>December 2006</u> |
|---|----------------------|
| ASSETS | |
| Property, Plant and Equipment | |
| Utility Plant | 259,238.8 |
| Accumulated Depreciation and Amortization | (92,324.3) |
| Net Utility Plant | 166,914.5 |
| Net Property, Plant and Equipment | 166,914.5 |
| Cash and Cash Equivalents | 733.1 |
| Restricted Cash | 1,755.5 |
| Accounts Receivable - Unaffiliated | 13,407.0 |
| Accounts Receivable - Affiliated | 19,907.7 |
| Unbilled Revenue | 12,307.7 |
| Gas Inventory | 48,716.4 |
| Underrecovered gas and fuel costs | - |
| Materials and Supplies, at Average Cost | 40.5 |
| Price Risk Management Assets (Current) | - |
| Exchange gas receivable | 301.1 |
| Current regulatory assets | 2,239.8 |
| Prepayments and Other | 2,640.1 |
| Total current assets | 102,048.7 |
| Price Risk Management Assets (Noncurrent) | 51.1 |
| Noncurrent regulatory assets | 9,516.8 |
| Intangible assets, less accum amort | - |
| Deferred charges | 2,138.9 |
| Total Other Assets | 11,706.9 |
| <u>Total Assets</u> | <u>280,670.0</u> |

**Columbia Of Kentucky Consolidated
Balance Sheet
ended December 31, 2006**

December 2006

CAPITALIZATION and LIABILITIES

Capitalization

| | |
|---|------------------|
| Common stock | 23,806 2 |
| Additional paid-in capital | 4,833 9 |
| Retained earnings | 61,430 1 |
| Total common stock equity | <u>90,070 2</u> |
| Long-term debt, excluding amounts due within one year | <u>58,055 0</u> |
| Total capitalization | <u>148,125 2</u> |
| Current portion of long-term debt | 20 7 |
| Short-term borrowings | 95 7 |
| Accounts Payable - Unaffiliated | 12,560 9 |
| Accounts Payable - Affiliated | 5,359 1 |
| Customer deposits | 3,304 6 |
| Taxes accrued | 5,456 8 |
| Interest accrued | 25 9 |
| Overrecovered gas & fuel costs | 11,738 9 |
| Price risk management liabilities (current) | 1,145 7 |
| Exchange gas payable | 23,634 8 |
| Current regulatory liabilities | (0 6) |
| Accrued liability for postretirement and postemployment benefits-current | 154 4 |
| Other Accruals | 7,449 8 |
| Total current liabilities | <u>70,946 7</u> |
| Deferred income taxes | 19,051 3 |
| Deferred investment tax credits | 941 3 |
| Accrued liability for postretirement and postemployment benefits-noncurrent | 8,635 7 |
| Noncurrent regulatory liabilities | 24,357 4 |
| Asset Retirement Obligations | 6,995 1 |
| Other noncurrent liabilities | 1,617 4 |
| Total noncurrent liabilities | <u>61,598 2</u> |
| <u>Total capitalization & liabilities</u> | <u>280,670 0</u> |